

Transamerica High Yield Muni

Class A THAYX | Class I THYIX

Investment Objective

The fund seeks to maximize total return through investment in medium- and lower-grade municipal securities that are exempt from federal income tax.

Sub-adviser

Belle Haven Investments, L.P. (Belle Haven)



Portfolio Manager

Matthew Dalton
Brian Steeves

Product Profile

An actively managed strategy that seeks to identify inefficiencies in the municipal bond market with the goal of maximizing total return by investing primarily in medium-to-lower-grade fixed income securities

- ➔ Opportunistic and tactical management within municipal bond market
- ➔ Focus on achieving total return
- ➔ Tax-advantaged income

Fund Facts

Inception Date (A-I)	07/31/13 - 07/31/13
Benchmark Index	Bloomberg Barclays High Yield Municipal Bond Index
Morningstar Category	High Yield Muni
Lipper Category	High Yield Municipal Debt
Dividend Frequency	Monthly

Market Overview

The yield on the 10 Year U.S. Treasury hit its year-to-date high in mid-May (3.11%); however, it fell back to levels seen in the first quarter by the end of June (2.86% on 6/29/18). The U.S. Federal Reserve (Fed) raised rates once again by a quarter of a percentage point, but the decision had been largely priced in by the market, and thus did not come as a surprise to most investors. The muni curve flattened towards the end of the quarter as global trade tensions continue to weigh on the minds of investors, who have been somewhat hesitant to take on additional duration risk.

Fund Overview

Transamerica High Yield Muni underperformed the index for the quarter +1.44% versus +3.06%. The Fund's duration fell slightly from the previous quarter, 6.79 years to 6.22 years. The under-performance was driven primarily by the fund's credit and sector allocations. The Fund was overweight investment grade credits, which underperformed their high yield counterparts this quarter—this allocation contributed to nearly half the relative under-performance experienced versus the index. The Fund's sector allocation was also a significant detractor to performance, most notably its underweight exposure to the industrial development revenue/pollution control revenue sector, and specifically tobacco credits. The tobacco sector has performed well year-to-date, and has been one of the top-performing sectors thus far in 2018.

Outlook

Heading into the summer months, the market expects the positive supply-demand dynamic to continue. Redemptions in July will be the highest in 2018 and the 30-day visible supply is near the year-to-date lows. Fund flows have also been largely positive, and are expected to remain positive throughout the summer. Trade tensions, especially between the U.S. and China, continue to linger as tariffs begin to kick in, and concerns about how they will affect the economy remain. The 2/10 Year U.S. Treasury spread has fallen nearly 0.20% since the end of last quarter, and its downward trajectory will be important to monitor for the remainder of the year, especially with two additional rate hikes still on the table for 2018.

All opinions, estimates, projections and security selections contained herein are those of the sub-adviser. It does not constitute investment advice and should not be used as a basis for any investment decisions. There are no sales charges on Class I. Class I shares are primarily offered for investment to institutional investors including, but not limited to, fee-based programs, pension plans, and certain endowment plans and foundations.

This material was prepared for general distribution. It is being provided for informational purposes only and should not be viewed as an investment recommendation. If you need advice regarding your particular investment needs, contact your financial professional.

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Not a deposit of or guaranteed by any bank, bank affiliate, or credit union.**

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30-Day SEC Yield

Class A – Subsidized	3.07%
Class A – Unsubsidized	2.99%

The **30-Day SEC Yield** is computed in accordance with a standardized method prescribed by rules of the SEC. The 30-Day SEC Yield is computed by dividing the fund's investment income per share earned during a particular 30-day base period by the maximum offering price per share on the last day of the base period, and then annualizing the result. The 30-Day SEC Yield is calculated at each month end and updated within the first ten business days of the following month. Be advised that the 30-Day SEC Yield calculation does not account for return of capital. Please refer to the most recent Annual Report for additional information regarding the composition of distributions. The subsidized 30-Day SEC Yield reflects the reimbursements or waivers of certain expenses. Had fees not been waived and/or expenses reimbursed, the yield would be lower. The unsubsidized 30-Day SEC Yield does not reflect reimbursements or waivers of expense fees.

Top 10 Holdings

	% of Holdings
Golden State Tobacco Securitization Corp., Series A-1, 5.00%, due 06/01/2047	2.75
New York Counties Tobacco Trust VI, Series C, 3.75%, due 06/01/2045	2.62
Cardinal Local School District, 5.25%, due 04/01/2038	2.53
City of La Vista, 3.25%, due 07/15/2042	2.30
New York City Housing Development Corp., Series C1A, 3.45%, due 05/01/2050	1.81
Western Illinois Economic Development Authority, 4.00%, due 06/01/2036	1.47
East Chicago Sanitary District, 4.00%, due 07/15/2031	1.37
Housing & Redevelopment Authority of The City of St. Paul, Series A, 5.00%, due 07/01/2036	1.22
Buckeye Tobacco Settlement Financing Authority, Series A-2, 5.12%, due 06/01/2024	1.19
City of Atlantic City, Series B, AGM, 4.00%, due 03/01/2042	1.17
Percentage of total portfolio	18.43

Holdings are subject to change and are not recommendations to buy or sell a security. Holdings excludes net other assets (liabilities).

Total Return Performance (%)

	3 Mo	YTD	1 Yr	3 Yr*	5 Yr	10 Yr	Inception*
Class A (at NAV)	1.44	0.64	4.25	5.01	N/A	N/A	7.43
Class A (at POP)	-1.88	-2.60	0.83	3.87	N/A	N/A	6.70
Class I (at NAV)	1.39	0.71	4.31	5.16	N/A	N/A	7.62
BB High Yield Municipal Index	3.06	3.66	7.14	6.73	N/A	N/A	–

* Average Annual Total Return

Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011
Class A (at NAV)	9.52	-0.59	6.40	17.23	N/A	N/A	N/A
Class I (at NAV)	9.67	-0.44	6.54	17.49	N/A	N/A	N/A
BB High Yield Municipal Index	9.69	2.99	1.81	13.85	N/A	N/A	N/A

The performance data presented represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Please see transamerica.com for performance data current to the most recent month-end. The investment return and principal value of mutual funds will fluctuate over time so that shares, when redeemed, may be worth more or less than their original cost.

Net asset value (NAV) returns include reinvestment of dividends and capital gains but do not reflect the deduction of any sales charges. If a sales charge had been deducted, the results would have been lower. Public offering price (POP) returns include reinvestment of dividends and capital gains and reflect the maximum sales charge of 3.25%. Performance for other share classes will vary.

The gross expense ratios for this fund are 1.04% and 0.83% for Class A and Class I shares, respectively. The net expense ratios for this fund are 0.91% and 0.76% for Class A and Class I shares, respectively. Contractual arrangements (if applicable) have been made with the fund's investment manager, Transamerica Asset Management, Inc. (TAM), through March 1, 2019.

Performance figures reflect any fee waivers and/or expense reimbursements by the Investment Manager. Without such waivers and/or reimbursements, the performance would be lower. Future waivers and/or reimbursements are at the discretion of the Investment Manager.

The Bloomberg Barclays High Yield Municipal Bond Index (BB High Yield Municipal Index) is an unmanaged index used as a general measure of market performance. It is not possible to invest directly into an index. Calculations assume dividends and capital gains are reinvested and do not include any managerial expenses.

Municipal bond prices can rise or fall depending on interest rates. Interest rates may go up, causing the value of the fund's investments to decline. All municipal bonds carry credit risk that the issuer will default or be unable to make timely payments of interest and principal. Generally, lower rated bonds carry more credit risk. High-yield bond (junk bonds) funds may be subject to greater volatility and risks as the income derived from these securities is not guaranteed and may be unpredictable and the value of these securities tends to decline when interest rates increases. The fund is classified as "non-diversified," which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent the fund invests its assets in fewer issuers, the fund will be more susceptible to negative events.

Mutual funds are subject to market risk, including the loss of principal. Past performance is not indicative of future results.

Mutual Funds are sold by prospectus. Before investing, consider the funds' investment objectives, risks, charges, and expenses. This and other important information is contained in the prospectus. Please go to www.transamerica.com or contact your financial professional to obtain a prospectus or, if available, a summary prospectus containing this information. Please read it carefully before investing.